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"TRADE NOT AID"

By FRANK CHODOROV

A GROUP of knowledgeable businessmen were talking about international trade, and they handled themselves creditably. If they had not read *The Wealth of Nations* they were at least familiar with the case for free trade.

In the course of the conversation an oil man said: "Before the war about thirty per cent of our lubricating oil business was done with Europe. Now we don't sell them a cent's worth. It isn't that Europe lacks dollars with which to pay for the product, it is that her politicians make importation impossible. Their cartel system, more than their tariff policy, is designed to keep our oil off their market."

"I've got a better one," said the president of a steel company. "British tariffs and restrictions against our steel raise its price to about twice our quotation, and we are therefore unable to compete with their steel. On the other hand, when we come into competition with British steel in a neutral market, we are too high. That is, while the British government keeps our cheaper product out of their country, they undersell us elsewhere. That's because they subsidize their exports. The British taxpayer pays an extra price for his domestic steel products in order that the government can build up an export trade."

What these men were saying, in effect, is that the classical free trade versus protectionist hassle is not germane to present international trade conditions. When Adam Smith published his defense of *laissez faire* in 1776 — or when Henry George demolished the protectionist position in his *Protection or Free Trade,* published in 1890 — the point of attack was the tariff system. In those days the principals in international trade transactions were individuals or corporations; the governments levied duties, either for revenue or to protect their nationals from foreign competition, but otherwise kept out of the way. It never occurred to either free traders or protectionists that governments would turn trade into a political instrument, that it would be used to shape the internal affairs of a country, or to influence the policy of friendly countries or as a weapon against unfriendly ones.

Today, it is difficult to distinguish between international trade and international diplomacy; even military strategy includes trade in its arsenal as, for instance, our restrictions on trade with Japan before World War II, or our present determination to stop business with Communist countries. Traders are no longer mere traders, but rather agents of national policy. The fine art of distributing goods over the world is political rather than economic in character. Hence, the old argument over tariffs has little bearing on the present situation.

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If we were to drop all tariffs, our trade with most foreign countries would be but slightly affected. England would be able to sell us little more than she does now, simply because her severe import restrictions limit her purchases, and if she does not buy from us she cannot sell to us; for, in the final analysis, all trade is the exchange of goods for goods. Only the few low-tariff countries in the world — like Denmark, Belgium and West Germany — would be able to take advantage of the new American market opened up by our dropping of tariffs.

THE MALADY OF international trade is not tariffs. It is socialism. When a government undertakes to manage and control its internal economy it is compelled to hermetically seal its borders against foreign competition. The premise of a regulated economy — socialism — is that freedom of choice must be curtailed; for if the consumer is permitted to choose between domestic and foreign goods the blueprint of controls is thrown out of kilter. Isolationism of the severest kind is therefore the necessary condition of every socialistic experiment. And since the war, most countries, especially the European countries, have gone in for socialism to a greater or lesser degree.

For one thing, remembering the pre-war depression, the planners hit upon the doctrine of Full Employment — there must always be more jobs than applicants. Keynes, their patron saint, declared that work is the all-important thing in life, regardless of the desirability of the things produced; even the building of pyramids, he declared, is an economic good. In a competitive market, people produce only those things that people want, and since human desires are variable and unpredictable, employment is subject to chance; if people are allowed to choose spinach rather than turnips, then the turnip growers will be unemployed. To overcome this hazard, it is necessary for government to control and manipulate production (and therefore consumption) so that everybody will have one job on hand, another in the offing.

So the governments of these countries laid out all kinds of work projects, which either the bureaucracy manages (socialism) or are farmed out to subsidized and controlled industrialists (preliminary socialism). In either case, the first objective is not to produce things people want but to provide jobs. Costs are of minor consideration, since competition is curtailed; you either buy at the monopoly price or go without. Subsidies to those working under contract to the government are paid by the taxpayer, who must also make up the deficits that government operation always shows.

But, people are people, and they always seek to satisfy their desires with the least effort; that is, they try to buy what they want at the lowest price. If a Detroit-made car strikes a Frenchman as being a better buy than the one made in Paris, his patriotism is likely to waver. It is therefore necessary to make it impossible for him to indulge his shopping instinct; either he must not see a Detroit car or its price must be made prohibitive.

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Consumption must be limited to what is domestically produced, and toward that end the borders must be sealed.

The trouble with this scheme is that no country is self-sufficient; every country can make or grow something that another cannot make or grow, or as cheaply. One must import. But, imports must be paid with exports (unless Uncle Sam can be induced to send them for free), and since under Full Employment domestic prices are high in comparison with those prevailing in a competitive market, it is necessary to subsidize the exporter. The taxpayer should be willing to pay this subsidy, in return for the boon of a job.

THE ISOLATIONISM that Full Employment makes necessary is effected by tariffs, embargoes, the licensing of both exports and imports — and by cartels. A cartel is what we call a trust, only worse, in that it is a recognized, legitimized and often subsidized organization in restraint of trade. It may have exclusive control of markets or a monopoly manufacturing position. Some cartels are under the direct management of government, as when the government goes in for "bulk buying" of needed foreign raw materials and their allocation to favored industrialists. In any case, foreigners must do business largely with these cartels, who are invariably responsible to their respective governments; they cannot import anything without a license.

The isolationism of these socialistic countries is tightened by the manipulation of money which Full Employment compels them to practice.

The worker is not interested in working *per se;* he is interested in the things that he expects to get as a reward for his labor. But, under Full Employment things are hard to come by because the primary purpose of this scheme is jobs, not production. There is a scarcity of things, which makes them high in price. The price of things is further raised by the taxes which are added to the cost of production, while taxes levied on wages cut down the worker's purchasing power.

Keeping in mind that people want things, not work, the high prices and low purchasing power of wages cause dissatisfaction. The politicians who provide Full Employment are put under pressure to provide more wages too. To meet this demand, they resort to more taxation, if possible, and if this is too difficult they turn toward deficit financing, which is an euphemism for the manufacture of money. This inflationary move does not provide more things, but for a short while it causes social unrest to subside; people have more money in their pockets and "feel rich." In an effort to prevent the higher prices that must ensue from inflation, the governments turn to fixing arbitrarily the value of money. By strict supervision, the governments can maintain the fiction at home. But, they cannot control the evaluation of their money in foreign markets. There's the rub.

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Let us say that France arbitrarily fixes the price of the franc at so many to the dollar. In this country, on the other hand, the franc is evaluated at half that amount. So, when the French importer tries to buy dollars in the American market, to pay for goods bought here, he has to put up twice as many francs as the French government says he should; or, to put it another way, when the Frenchman sends goods to America in payment for the imports, he gets credit here for only half as many francs as he had to lay out. The effect of the transaction is to double the price of American goods in France. The arbitrary money price set by the government is really a disguised tariff; it tends to keep goods out.

And so, monetary manipulation is added to tariffs, quotas, embargoes, cartelism, licenses and all sorts of red tape to isolate these socialistic countries from contamination with the free market.

IN THE LIGHT of these facts, the cry "trade not aid" is as false as it is impudent; it is raised by people who evidently have a low regard for American intelligence. Judging by our diplomatic bungling in the recent past, perhaps this low regard is justified.

Suppose our opposites to these European agents were to accept the phrase at its face value. Suppose they were to say: "All right, let's trade. We will drop all our tariffs and all our restrictions on trade. We'll buy from you anything you can make better and cheaper than we can. We expect, of course, that you will reciprocate by dropping all your protectionist practices, such as cartels, licensing of imports, rigging the value of your currency, quotas and to be sure, all tariffs. Are you willing?"

The Europeans could do nothing else but draw their skirts about them and exclaim in horror that we are trying to interfere in their domestic affairs, which indeed we would be doing. We would be asking these governments to give up their socialism. Complete free trade would require them to return to competition, to drop subsidies and all the "social legislation" that is involved in Full Employment and that increases their costs.

Why do these Europeans cry "trade not aid" when they know they are unable and unwilling to buy from us? Simply because they know we cannot or will not take them at their word. For, we too have a political policy to promote by means of what used to be an article of trade only — goods. We need "allies" in the cold war, and hope to keep them when as and if the shooting begins. Our political knees start shaking when it is suggested that "we go it alone." So, we resort to bribery. We send the socialistic countries goods free gratis, since they cannot pay for them, and by our gifts they are able to continue their socialistic experimentation.

The cry "trade not aid" is merely a way of bargaining for more aid.

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HUMAN EVENTS

FRANK C. HANIGHEN, *Editor* FRANK CHODOROV, *Associate Editor*

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Dulles: Even before the plane landed in the United States today, after his unsuccessful trip to Europe, Secretary Dulles was the object of intense speculation among diplomatic correspondents who posed the cruel question — who's going to get his job as Secretary of State, Dewey or Stassen?

The fact is that Dulles' prestige in this heartless town began to slide right after the Berlin Conference of two months ago — when he wearily or stupidly gave in to the pleas of our "allies" that we stage a meeting at Geneva (now going on) to include the Chinese Reds. That — in the opinion of diplomats here — sealed the fate of Eisenhower's director of foreign policy. It increased the appeasement proclivities of the senile Churchill and the vacillating French. It doomed Dulles' proposal to create an Asian bloc of nations to save Indo-China.

In justice to Dulles, he started right with the "massive retaliation" thesis — a "tough" line with the Reds. Then he wobbled and wavered, while the old State Department crowd undercut him with opposition to any really drastic military policies.

Actually, this is no new story — the failings of Dulles. A story told by William Loeb, the fighting publisher of the Manchester (N.H.) *Union Leader*, one of the few courageous papers in the country, throws a revealing light on Dulles. At Cincinnati in November, 1950, Loeb remarked to Senator Robert A. Taft: "Dulles is just plain stupid." Senator Taft turned to Loeb and replied: "No, Dulles is not stupid, Dulles has one of the finest minds in the United States, but *he can't keep it made up!*"

The trouble into which Dulles is plunged derives also from another shortcoming: he has never comprehended the central problem of his job — to clean out the State Department. He can't keep his mind made up, when his technical advisers are determined to unmake it. We have stressed before that the Secretary's own entourage in his office is filled with Acheson holdovers. The "old crowd," as we get it, have been tripping up the boss with the usual methods of bureaucrats: slanted reports, mendacious "papers," burial of intelligence flashes which (if he got them) might have kept Dulles' "mind made up," etc., etc. In short, the immemorial practices of bureaucrats intent on running the show themselves.

Strategy of the McCarthy Affair: The swift-moving chapter of the great whodunit, despite the moves and counter-moves behind the scenes to cut down, if not cut off, the whole hearing, leaves observers here unmoved in their belief that the whole rumpus continues mainly because the "liberals" (within and without the Eisenhower Administration) fear one thing: McCarthy's drive to unbare the role of the civilian bureaucrats in the Department of the Army — the holdovers from the Truman regime — in protecting security risks, if not Communists. The unfortunate Secretary Stevens, in this view, is merely an "innocent" businessman, transformed into a puppet by skillful and devious chair-warmers in the offices of the Department.

The reason for the intensity of the uproar is that the "liberal" columnists and commentators deem it absolutely necessary to protect their friends, the "liberal" bureaucrats, from McCarthy's probing. The scribes need these friends in their business. From them, the scribes get their "news breaks," without which their public products would pall not only on the audience but also on the publishers and sponsors who put up the money. If McCarthy really puts these bureaucrats on the griddle, such sordid doings would

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be dragged out for the public gaze. Hence the necessity for the great literary effort to make the whole McCarthy investigative activity as an uncouth violation of the "essential integrity of the executive branch of the Government."

One constructive development (peeking through the above press smoke screen) might prove fruitful. Senator George Malone (R., Nev.), one solon sufficiently courageous to publicly aid the Wisconsin Senator's course, tells HUMAN EVENTS that the holding of these hearings established a precedent very dangerous to the integrity of the legislative branch of the Government. If an executive department has the right to intervene, single out a legislator who threatens to probe that department, to force him to stand like a criminal before the bar of a legislative hearing, why not do so in the future with others than Senator McCarthy? Naturally, this invasion of Congressional independence suits the totalitarian "liberals," whose policy throughout the last three administrations has been to exalt the power of the Executive and to reduce Congress to subservience. Senator Malone and others perceive this and it may be that Congress as a whole may realize the peril of the TV precedent.

The TV Front: Reported decisions of CBS and NBC to discontinue complete live telecasts of the Army-McCarthy hearings may prove more costly in the long run than the loss of revenue occasioned by the suspension of commercially sponsored programs.

The American Broadcasting Company has been carrying complete direct coverage to its network of 71 stations, and Dumont has been telecasting the proceedings to ten stations outside the New York metropolitan area.

It has been falsely reported that the West Coast has not been getting coverage of the hearings either by direct live telecast or by "hot kinescope" (delayed transmission). As a matter of fact, the West Coast has been getting complete coverage through the facilities of a California independent network, which buys "hot kinescope" coverage from ABC. Both ABC and Dumont by this "unprejudiced public service" policy have profited, not only in public esteem and good will, but also financially.

Seven mid-continent stations, hitherto affiliated either with CBS or NBC, have switched over to ABC, buying complete coverage of the hearings at considerable financial loss to themselves in daytime billings of commercially sponsored programs — because of local public demand. Not only is this switch-over from NBC and CBS affiliates to ABC and Dumont likely to increase before the hassle is over, but company insiders feel that the switch over is likely to cause a permanent disaffiliation of local stations from CBS and NBC in favor of ABC and Dumont.

NBC jitters over this affiliate loss, as well as over public protest against discontinuance of the coverage, has already resulted in a frantic attempt to make amends — by telecasting unslanted morning and midnight "package roundups of the news," and by unusually courteous treatment of Senator McCarthy in other telecasts.

For instance, NBC's Monday morning summary of world news by Gene Rayburn, with NBC kinescope projections of the highlights of the previous events, limited its coverage of May Day celebrations to two contrasting demonstrations — the grim May Day display of military might by Tito, and the Appleton, Wisconsin, May Day Loyalty Parade, at which Wisconsin's Senators McCarthy and Wiley were guests of honor. Wiley was mentioned by the commentator but not shown. McCarthy in his marine uniform was shown acknowledging the applause of the townsfolk, and reference was made by the commentator to the Senator's "great popularity." Other NBC news broadcasters have been careful not to weight their presentation of scenes of the hearings against McCarthy.

CBS with Edward R. Murrow on its board of directors has, on the other hand, gone vindictive on almost a 16-hour-a-day schedule, with an all-out use of the Murrow device for twisting the record. The device cropped up even in the Sunday "Youth Takes A Stand" program, in which the four "winners" in the composition contest were unanimously anti-McCarthy. The children were "refreshed" on the Stevens-McCarthy issue with film shots of the hearings so cut as to convey an impression quite the opposite of what took place, as millions who saw the ABC and Dumont live telecasts could testify.

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The children were so ignorant of the nature of the proceedings and of the questions at issue that one of them spoke of them as a "court" and based all his remarks upon the idiotic notion that Senator McCarthy was on trial for some criminal offense and, as a defendant, had no right to question witnesses or raise points of order. Another said the hearings had shown that the F.B.I.'s methods were better than McCarthy's and that the investigative power should be taken away from him by the President.

Not Merely Gossip: None other than Kent Cooper, Manager of the Associated Press, was named as the "intermediary" who arranged the sale of the Washington *Times-Herald* to the Washington *Post.* He was named as the go-between by Col. McCormick (publisher of the Chicago *Tribune* and the Washington *Times-Herald*) at the board meeting when McCormick announced the terms of the deal he had made with Mr. Eugene Meyer, publisher of the *Post.* Until now, it was known that some "intermediary" was used in the matter, but his name was not published. From one who was present at the board meeting, we learn that it was Mr. Cooper.

Newspaper circles, with whom we discussed this, expressed surprise that the active head of the AP should be involved in a matter which took a newspaper (a member of the Associated Press) out of circulation and reduced the AP by two franchises (the *Times-Herald* had both morning and evening franchises).

● Word has got around that there is a big change impending in the Board of Trustees of the Ford Foundation, that such "liberals" as Hutchins will be out and none like him reappointed. Mrs. Edsel Ford, widow of the son of the late Henry Ford, is said to be the one who has demanded the change. Mrs. Edsel is reported to be profoundly disturbed by the "liberal" composition and activities of the Foundation.

● Readers of Mr. Chodorov's debunking of the "free trade and tariff" situation in our full length article this week might be interested to learn that an old familiar figure in the internationalist field has taken a hand in this "free trade" game. Mr. Arthur J. Goldsmith (often described critically in Westbrook Pegler's columns) appears on the board of advisers of the "Committee on Foreign Trade Education, Inc.," 270 Park Avenue, New York, N.Y. The object of this organization is to "bring the meaning of this great debate to the public at large and to support the tariff liberalization bill backed by President Eisenhower." The Committee hopes to make "a really significant contribution to the battle against the High Tariff Bloc."

Mr. Goldsmith was the activating spirit in two committees formed to fight the Bricker Amendment (see HUMAN EVENTS, December 30, 1953 and January 6 and 13, 1954). His name on the letterhead of the Committee for Foreign Trade Education is taken to mean that he plays a similarly preponderant role in this new group.

● Interest centers on a contest in the Pennsylvania Congressional GOP primary in the 6th District, where incumbent Representative Hugh Scott is challenged by Joseph R. Tinneny, a newcomer. The latter is frankly a pro-McCarthy candidate and also attacks Scott as a GOP New Dealer, affiliated with the "liberals" in the Republican camp. Scott was one of the first supporters of the nomination of Eisenhower.

Danger to the South: A year ago a Senate committee discovered that there were some *twenty* separate agencies in the Government dealing with refugee problems and competing vigorously with one another for larger appropriations. It was an extremely wasteful and inefficient setup and the committee reported out a bill which passed the Senate, consolidating all these separate refugee agencies and eliminating their overlapping functions. This bill marked time because the House failed to act.

But in this session of Congress, a House committee has quietly reported on that bill (S1766 as amended by the House), but with alterations that have dangerous implications. The House bill creates a Commissioner of Refugees and International Migration. The bill proposes that this new Federal official shall promote migration from Europe into the Western Hemisphere — chiefly South America.

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Europe has tens of millions of people who are called "surplus peoples" and the idea is to transplant these millions — or as many as possible — to South America. The office of the proposed Commissioner for International Migration is to be provided with money, from our taxpayers, of course — to buy or lease the ships necessary to do the transplanting work and to pay all the costs of the venture.

Immigrants coming to the United States are subjected to strict security tests. The U.S. is practically the only nation in this hemisphere with effective security checks on immigrants. Observers say that the people to be moved from Europe to South America will be subject to either no security checks or inadequate ones. With Italy 40% pro-Communist and France 25% Communist, and with all of Western Europe teeming with either Communists or socialists, the result would be to greatly strengthen the forces of dangerous radicalism south of the Rio Grande — a result to be paid for by our taxpayers.

Tragedy: There are still hundreds of American youths either held by the Red Chinese or for whom the Red Chinese refuse to account. Some 350 relatives of these unfortunate soldiers have organized "The Crusade of the Kin of America's Forgotten Men." Their purpose is to agitate for action by our Government or the UN to find out the truth about these lost men and to have those still alive returned.

The group first tried the UN but was brushed off (reported in HUMAN EVENTS, April 21). It then tried to see President Eisenhower and gain his sympathetic cooperation. On March 18 the organization says that it asked the appointment secretary at the White House for an appointment with the President. No reply was received. The President was then asked directly if he would not give a few minutes of his time to talk with representatives of the organization on April 21 or 22. Still no reply. On April 19, Ike was wired: "Mr. President does it fit with your enunciated 'American fair play' that those boys fought for America only to be abandoned. Appointments with other political leaders, golf, baseball openings — anything else — can wait. Those desperate, deserted G.I.'s cannot. Under Red privations and torture, are they not surely dying day by day?"

Washington sources report that on April 21 or 22, members of this organization came to the White House gate. Unable to see the President they left a letter with a member of the White House staff.

Final Secret of Pearl Harbor: Admiral Theobald's book *Final Secret of Pearl Harbor* (Devin-Adair Co., 23 E. 26th St., New York, N.Y.), is getting the "works" from the professional New Deal "book burners" whose power to review or not to review a book often means life or death to its circulation. Thus, in the *New York Herald Tribune,* Walter Millis literally buried it beneath a deluge of generalities. One of his conclusions was that the Theobald book was merely a rewrite of Morgenstern's *Pearl Harbor.* Admiral Theobald claims he has never read the Morgenstern book, indeed pursued his own investigations equipped with the expert training of a high ranking naval officer skilled in interpreting coded military messages.

The *New York Times* went after Theobald on page one. It asked Admiral Stark and General George Marshall whether they had ever received any orders — direct or indirect — from President Roosevelt or any other official to withhold information from the American commanders at Pearl Harbor or to leave our military installations there exposed. As was to be expected, both emphatically replied: "No."

But their replies only throw the Theobald book into higher relief. In it, Theobald shows conclusively that both Stark and Marshall were in possession of information which pointed to an attack on Pearl Harbor and that if the American commanders at Pearl Harbor had known what Stark and Marshall knew they could not have failed to take effective action. One is left with only two alternatives — either Stark and Marshall were thoroughly incompetent military men in which case they should have been court-martialed, or they are covering up for Roosevelt. Since no one believes the former the latter conclusion is inescapable.

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